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Lloyds Bank Limited

MONTHLY REVIEW

JANUARY 1936



Lloyds Bank Limited

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***The Bank publishes from time to time in this MONTHLY REVIEW signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

Some Impressions of America—The Finance of the New Deal

By Francis W. Hirst, London

A VISIT to the United States in October and November brought me into contact with some of the leading exponents and critics of the New Deal. It is a vast subject. Anything like a complete study of it would fill a large volume. Even a brief survey would have to include some account of Mr. Henry Wallace's agricultural administration, some account of banking and monetary policy, a review of the Codes and an attempt to estimate the attitude of the Supreme Court towards the social and economic measures of the Administration. The following observations and reflections are restricted to a comparatively narrow field, which, however, is of special interest to the readers of this REVIEW. I shall address myself mainly to business and finance including the tariff. The New Deal is now being assailed in all parts of the country. President Roosevelt and his policies are certainly less popular than a year ago ; but so far the Republicans have not been able to agree upon either a platform or a candidate, and most of the people I met certainly thought that, in the absence of any startling changes, President Roosevelt is likely to be re-elected, though with a much reduced majority, next autumn. If this year's business recovery goes on, his position will of course be strengthened, whereas a relapse and a decline in industrial and railroad shares might lead to his defeat.

THE NEW DEAL EXPENDITURE

During the last few months an attack on the enormous deficits that have been incurred by the Federal Government since President Roosevelt took office has been ably conducted by ex-President Hoover, and by Mr. Lewis Douglas. At the beginning of October, addressing the Convention of Republicans from eleven western States at Oakland, California, Mr. Hoover stated the case against the New Deal with vigour and precision. His first conclusion from a study of the budget was that the annual deficit is running at nearly three-and-a-half billion dollars, which of course is being added to the National Debt. His second conclusion was that when President Roosevelt's first Administration comes to an end, the obligations it has incurred which will fall upon the taxpayer will exceed thirty-five thousand million dollars. His third was that the peace-time debt at the end of 1936 "will exceed our world war debt by ten billions"; and he added that the cost of the New Deal "threatens to exceed that of the Great War." He predicted that (outside recoverable loans) the expenditure of the Roosevelt Administration will exceed that of the Hoover Administration by over fourteen thousand million dollars. Mr. Roosevelt's supporters reply that even so America's debt and taxation *per head* will be far lighter than that of Great Britain, and that the expenditure was necessary to save the country from economic ruin.

It is clear from his speeches that Mr. Hoover really detests what he regards as the inexcusable extravagance of the New Deal, and is really eager on public grounds, apart from legitimate personal ambitions, that the Republican Party convention should adopt a strong anti-Roosevelt platform, with a demand for the balancing of the budget as one of its main planks. But even he does not denounce the New Deal indiscriminately. Its policies are to be examined with an open mind. "You will find some that you should commend. You will find some of right objective and wrong method, such as the Acts regulating securities, the old age pensions and unemployment insurance. You will find many that are destructive of every ideal and aspiration of American life. . . . There is but one test you should apply—will these measures restore the prosperity of America; will they restore agriculture; will they give real jobs instead of the dole; will they maintain personal liberty?"

Mr. Hoover is an alarmist, but not a panic-monger. He holds that large and continued deficits must lead to inflation in some form. "Our Government to-day is in large degree financing its deficit by credits from banks and financial institutions upon the Government's promise to pay. By this action a large part of that credit is being manufactured. It is a sort of dervish dance, whirling from Government deficits to Government bonds, from bonds to bank credit, from bank credit to more Government spending." He describes the devaluation of the dollar as a form of repudiation. It is "a modern and polite term for clipping the coin." It has raised prices, and so reduced the purchasing power of the middle classes and of the poor. Besides the printing of paper money, the ex-President sees another form of inflation, "printing press credit." That, he says, "is a subtle, daily increasing danger"; and, he adds, "the present rise in the Stock Market is ample proof that some people know it."

But he encourages his party by telling them that there is a remedy. There is complete freedom of the press and complete freedom of discussion. He might indeed have added that the great majority of the newspapers are actively criticising the Administration. Nor is the situation by any means desperate. "It is easy to overstate the dangers. We yet have time to save any such peril. But you will find that my view is a mild remonstrance compared to that of President Roosevelt's own Director of the Budget, who resigned because of these policies."

It is quite true that since he resigned his post of Budget Director, Mr. Lewis Douglas has become an unsparing critic of the New Deal. I heard a telling speech of his at the "Herald Tribune" Forum in the middle of October, where he took as his subject the question "Why Employment is Retarded." After a preliminary reminder that full recovery cannot be hoped for until a remedy has been found for depreciated exchanges, exchange restrictions, quotas, and the excessive use of tariffs, he went on to discuss the domestic situation. He saw the spectacle of a "higher Stock Market, an appreciation of bond values, somewhat better profits, but a substantially constant number of idle people." High officials had been exhorting private enterprise to assume the task of re-employing the unemployed.

THE RESTRICTIONS OF PRODUCTION

But what of Governmental orders requiring farmers to reduce the amounts which they could produce, and paying them for the things which they were prohibited from producing? I was struck by his analysis, which is just as applicable to other countries including our own :—

“ The money which you receive for *not* producing things is raised by taxing both yourselves and others (i.e., the compensations to American farmers are paid partly from the general taxes, partly from the processing taxes on manufacturers). The situation thus analysed is the height of folly ; for if it be correct to pay people for producing less, then it is equally correct to pay people for producing nothing at all. Universally applied, this obviously means that people will be paid out of nothing at all for producing nothing at all.”

The argument is worthy of Bastiat, who delighted in exposing a fallacy by developing it to its logical conclusion, and magnifying an absurdity to such size and proportions that ordinary people could see it. Mr. Lewis Douglas went on to say that when everybody has been prohibited from producing and there is consequently no production, there will be nothing out of which anybody can be paid, because taxes are always paid out of production, so that in the end people would be paid nothing for creating nothing. Everyone would be idle ; but this state of things could not last very long, for in a short time everyone would starve to death. To be sure, added Mr. Douglas, “ this is an exaggerated picture of what is being done here ” ; but even a mild application of the policy means a reduction in the amount of labour required and therefore more unemployment. “ The policy of restricting production is therefore one of the reasons for a lag in recovery, if recovery be defined as re-employment.”

THE DANGER OF INFLATION

Mr. Douglas went on to say what Mr. Hoover has been saying—that the currency policy and the credit policy of the Administration are leading to disaster. Although the American public is now buying securities on a large scale, he declares that people are anxious about the safety of their investments, because they fear a further devaluation of the dollar. This fear, he

holds, is justified because the public debt has been increasing and is still increasing at an enormous rate, and because the banks have been induced to take almost eighty per cent. of the Government's bond offerings. Mr. Douglas therefore concludes, like Mr. Hoover, that the financial policy of President Roosevelt's Government is highly inflationary, and likely to cause a further depreciation of the currency, which would encourage another speculative mania.

I could not, however, discover that this view is generally shared by leading bankers, financiers, and business men. The cheapness of money and the difficulty of finding gilt-edged securities to yield a reasonable rate of interest is a feature common to New York and London. For some time past the prospect of a rise in equities has induced large investors and corporations to transfer a considerable part of their funds from fixed-interest-bearing securities to good ordinary and preference shares: and those who did so last January or February have been amply justified. But the bond market has remained quite firm, and the Federal Government is financing itself as cheaply and easily as ever.

When I asked leading conservative bankers whether they shared the alarm expressed in some quarters about inflation, and whether they thought the banks were being dangerously overloaded with Government securities, they replied in the negative. In the immediate future, at any rate, they did not anticipate any difficulties of the kind. At the same time, they welcomed the promised cuts in the budget. They objected to the processing taxes and the restrictions on production. They regretted the huge importations of gold; and most of them favoured a reduction of the tariff as a natural and necessary corollary to the change-over of America from a debtor to a creditor nation. But they insisted that the recent influx of gold represented a flight of capital from Europe, stimulated no doubt by prospects of a boom in Wall Street, which would make investments in American shares profitable. They agreed in praising the President for what he had done at the beginning of his Administration, and they all held that this year's business recovery has been substantial.

UNEMPLOYMENT AND FOREIGN TRADE

Touching unemployment there are no reliable figures; but all the experts I met seemed to think that the numbers

of the unemployed had not fallen much, if at all, during the year. The most plausible explanation was that employers had preferred to put their men on to full time, rather than add inferior workmen to their pay-rolls. Thus profits and production had increased without causing much visible increase of employment. In New York and other great ports the amount of unemployment is appalling, and it is admittedly due to the severe shrinkage of foreign trade. This is attracting more and more the attention of the shipping interests. Importers and exporters have come to feel that their interests are identical; and shipowners of course realise not only that imports and exports rise and fall together, subject to irregular movements of capital, but also that imports of gold are a very poor substitute for imports of bulky articles.

The American Manufacturers Export Association* has issued recently a large pamphlet, illustrated with effective diagrams, on "Foreign Trade and Domestic Markets." It is not a dry summary of statistics, but an attempt to go behind them to the vital factors of American economics, and of the Government's programme, which demand "a consideration of the geographical, agricultural and industrial distribution of foreign trade" and its relation to the total mass of unemployment. The Association is fortunate in an able body of Directors, and an active Executive. Its President, Mr. James Mooney, is in charge of the overseas business of the General Motors Corporation. What he and his colleagues have discovered is that the interests of the export trade are bound up with those of the import trade. They see that American industry needs wider markets and a freer exchange of goods and services. They hold that governmental regulations should be confined to the elimination of unfair practices, and that stabilisation of money should be promoted by a more liberal commercial policy. Crop reductions should be discontinued, and increased agricultural exports should be stimulated by facilitating imports. They boldly proclaim the desirability of an unfavourable trade balance, and heartily support Secretary Hull's reciprocity agreements. They argue that restrictions on foreign trade by a prohibitive, or almost prohibitive, tariff involve agricultural subsidies, regimentation of industry, and permanent large unemployment.

* Its executive offices are at 330, West Forty-Second Street, New York.

To illustrate these propositions, they compare the value of the export trades of various States in 1929 and 1932. The exports of Texas—to take the worst case—dropped in value from 658 million dollars to 300 million dollars—the loss amounting to 120 dollars per family. Taking a seven-year average from 1927 to 1933, they show that in the case of cotton 56 per cent. of the total production was exported, in the case of motor cycles 54 per cent., of typewriters 40 per cent., of tobacco leaf 39 per cent., of office appliances 28 per cent., of agricultural machinery 24 per cent., of wheat 18 per cent., of sewing machines 23 per cent., etc., etc. As for the foolish notion that it is better for employment to export finished goods than raw materials, they point out that “it takes a lot more people to grow, pick, bale, transport, gin, sell and buy raw cotton per thousand dollars, than it does to make, pack, sell, transport and export a thousand dollars’ worth of sewing machines.”

Then they make careful calculations of the amount of labour and employment in the United States, that is dependent on imports and exports, taking the 1930 census. Their conclusion is that, out of 48 millions gainfully employed in the United States before the depression, about seven millions were directly or indirectly dependent on exports and about the same number on imports. Roughly speaking, the proportion thus dependent was therefore as 14 to 48—a good deal more than a quarter.

As for the idea that larger imports of manufactured goods would displace labour, they retort that if dock labour, transport, etc., is allowed for, the imported manufactured article on the average “actually creates more employment in the United States than the exported manufactured article.”

It is most difficult to procure reliable figures about unemployment in different parts of the country, but I have no doubt that it is at its worst in the ports. In New York the state of things is appalling, and I had reliable evidence in November that there was little or no improvement, and I gathered from a social worker in Baltimore that conditions are equally bad there. On the other hand, a friend of mine in Kansas City tells me that business there is quite good, and they are not much troubled by lack of employment. He is a strong supporter of the New Deal.

Amid so much uncertainty, I should be inclined to hazard a guess that half the existing unemployment in the United States is in the import and export trades or in industries dependent upon them. Lest this should be thought a wild exaggeration, let me compare the yearly average of exports between 1926 and 1930 with the exports of 1934. I give the figures in millions of dollars. The total exports fell from 4,687 million to 2,100 million dollars!* Among the principal items were raw cotton, which fell from 765 to 372 million dollars; manufactured cotton, from 102 to 34; grains from 318 to 35; animal products from 352 to 132; dairy products from 17 to 5; fruit from 122 to 74; wood and paper from 186 to 90.

Last June, at a conference of seaport cities in New York, Mr. James D. Mooney pointed out that the whole foreign trade of the United States—imports and exports—had fallen in value from 9,640 million dollars in 1929 to 2,934 million dollars in 1933, so that the slump figure was less than a third of the boom figure, though only two years had intervened. It occurred to Mr. Mooney to show how the leading American ports had been affected. In 1929 he found that the port of New York handled 65,900,000 tons of incoming and outgoing ocean freights. In 1932 the figure had shrunk to 42,900,000 tons. No wonder that this heavy falling-off in foreign trade threw masses of men out of employment. The slump in the tonnage of San Francisco, Philadelphia, New Orleans, Seattle and Galveston was even worse than New York's. In these cities the losses of tonnage ranged from 35 to 43 per cent. It is not surprising that the problem of relieving destitution and finding work for the unemployed in the port towns of the United States is as acute as in the distressed areas of Great Britain, and is gravely embarrassing City finances.

THE FREER TRADE POLICY

Among the members of President Roosevelt's Administration no one sees so clearly as Mr. Cordell Hull that this problem admits of only one solution. The height of the customs wall which has been built up round the American ports must be reduced in order to admit a larger volume of imports in

* The depth of the slump and the amount of the recovery are best shown by taking the figures for 1929, the boom year, 1932, the worst year of the depression, and 1934. In 1929 American exports were valued at 5,240 million dollars, in 1932 at 1,576 million dollars, and in 1934 at 2,100 million dollars.

exchange for a larger volume of exports. A general reduction might have been effected after President Roosevelt assumed office. If he had acted then, he might have saved the London Conference and made it a landmark of progress instead of an emblem of failure, an example instead of a warning. But progress is now being made by means of the reciprocity treaties which Mr. Cordell Hull has been negotiating. Until a few weeks ago, the most important of these was with Cuba; tariffs and quotas were lowered, and the results in the first year were significant. By reducing the tariff on Cuban produce, Mr. Cordell Hull raised the revenue from 47 to 67 million dollars. If the old democratic principle of a tariff for revenue only were applied to the whole tariff of the United States, a great increase of the customs revenue would undoubtedly result, along with a still greater increase of imports and exports.

Far more important than the Cuban Treaty is the reciprocity treaty with Canada, which was signed while I was at Washington. Canada comes close after Great Britain in the order of America's foreign customers; and although the most-favoured-nation clause gives most other countries, including Great Britain, the advantages of the lowered tariff rates, American and Canadian producers will of course reap the chief benefit, just as French and British producers gained most by the Cobden Treaty of 1860. It was predicted at Washington that the commerce over the Canadian border would be doubled. This may prove an exaggerated estimate; but it is no exaggeration to say that the treaty is the biggest step towards commercial freedom that has been taken by any two nations since the Great War. I can therefore close my impressions on a hopeful note.

F. W. HIRST.

Notes of the Month

The Money Market.—The dominating influences during December were the Christmas currency withdrawals and the joint-stock banks' preparations for the end of the year. Between November 20th and December 24th the note circulation rose from £398·9 to £424·5 millions, the latter figure being a new high record. All this additional money was drawn by the public out of the joint-stock banks, which in turn drew on their own balances at the Bank of England. The result was that during the same five weeks the Bank of England's Reserve was reduced from £59·2 to £29·7 millions, and bankers' deposits at the Bank from £90·9 to £72·1 millions. Meanwhile the banks had to ensure that their cash holdings would be adequate on December 31st, and with this object in view they ceased from buying bills about the middle of December. As bills already in their hands matured, they were automatically supplied with extra cash, but all Treasury bills issued by tender during the last part of December and all commercial bills coming on the market had to be held by those who originally received them and could not be re-sold to the banks, who normally are the largest buyers. Thus there was an unusually large demand for loans at a time when the banks' cash resources were depleted, and as a result money rates, though unchanged, were inclined to be firm. The clearing banks continued to charge $\frac{1}{4}$ per cent. for loans against bills eligible for rediscount at the Bank of England, and 1 per cent. for loans against other collateral. They are, however, willing to lend at $\frac{3}{4}$ per cent. against the new 1 per cent. Treasury bonds issued early in December. All these rates applied to short loans repayable before the end of the year. Loans into January were not easy to secure, and just before Christmas the rates charged ran as high as $1\frac{1}{4}$ per cent. Discount rates have also risen owing to the absence of any demand for bills from the banks. The Treasury bill tender rate on December 20th was 15s. 9d. per cent., against 10s. 10d. per cent. in November. February and early March Treasury bills were quoted at $1\frac{1}{4}$ per cent., and hot Treasury bills at $2\frac{1}{2}$ per cent. January bills were quoted at 1 per cent., as buyers recognised that for a substantial part of the remainder of their life they might have to be carried on money borrowed from the Bank of England at $2\frac{1}{2}$ per cent. All these movements are purely temporary. So soon as the Christmas currency has

returned, and the New Year stringency is over, discount rates will again weaken. As Treasury bills will then begin to be redeemed both out of revenue and out of part of the proceeds of the new Government loans, it may prove difficult to keep discount rates at a remunerative level.

The Foreign Exchanges.—Since M. Laval's victory in the French Chamber on December 5th, the pressure on the franc has relaxed, and during the following week the Banque de France recovered a small amount of gold. The Bank's gold losses between October 25th and December 6th were Frs.6,254 millions, which reduced its stocks from Frs.72,158 millions to Frs.65,904 millions. Nevertheless, confidence in the outlook for the franc has by no means been restored, for apart from further political uncertainties it is believed in London that the position of the French Treasury continues to deteriorate. During December there was at times a demand for spot francs, due to a desire on the part of former bears of francs to cover their open positions before the end of the year. Still, both spot and forward francs were inclined to be weak, and immediately before Christmas it was reported that the British Control had had to buy a few francs in Paris. Among the other gold *bloc* currencies, guilders have been steady, but Swiss francs have been freely offered. Dealings in lire were resumed in London just before Christmas after a gap of several weeks, but it is believed that they related solely to new business and that previous lira positions are not yet entirely cleared. The New York rate has been very steady at just under \$4.93, but little business has passed. Canadian dollars improved a few cents owing to the December rise in the price of wheat. In some ways the main event of the month was the sudden collapse of the price of silver. Early in December, the American authorities almost completely ceased to buy silver in the London market, and let it be known that in future they felt entirely free to buy silver in such quantities and in such markets as they thought fit. At that time the London price stood at 29 $\frac{3}{8}$ d. per ounce, but it had been kept there solely by American official buying. When the United States dropped out of the market, dealings for the moment were entirely suspended, for the London silver market had a rule that the price must be fixed in such a way as to ensure that all silver on offer was bought. This rule has been temporarily suspended, and latterly only a small proportion of the silver on offer has been sold. Even so, the price has steadily

fallen, until on December 23rd it was as low as 21½d. per ounce. The situation has not been without anxiety, as the pressure to sell silver has been continually increased by the maturing of open forward positions, and on December 18th dealings in Bombay had to be suspended for the remaining three days of that week. There is no escape from the fact that American official buying had raised the world price of silver to an entirely artificial level, which incidentally drove China off the silver standard. The United States is apparently now leaving the price of silver free to find its natural level, and at the moment silver has become an extremely speculative commodity.

The Stock Exchange.—The most important single event of December was the issue of two new Government loans on December 4th. These took the form of £200 millions of 2½ per cent. Funding Loan, 1956-61, issued at 96½, and £100 millions of 1 per cent. Treasury bonds, 1939-41, issued at 98. Both issues were over-subscribed, but were quoted at ½ discount a few days before Christmas. The new Funding Loan in particular assumes by implication that British Government credit will remain upon a 2½ per cent. basis for 25 years, and this may be rather a severe tax upon the faith of some investors. The Treasury bonds are purely a money market security, and do not attract the ordinary investor. Both issues were for cash, and the proceeds are to be used for the redemption of £194 millions of 2 per cent. and 3 per cent. Treasury bonds. The balance will normally be applied to the reduction of the floating debt.

The gilt-edged market strengthened early in the month under the influence of these new issues. The market subsequently remained quiet but firm until later in the month when it was affected by the events surrounding Sir Samuel Hoare's resignation. Foreign bonds have been irregular. Dr. Schacht's fresh expression of doubt regarding Germany's external debt service affected German bonds. Far Eastern bonds were irregular, but Brazilian and other South American bonds became stronger. Home rails improved early in the month, but weakened again on the possibility of a coal stoppage next month. Industrials, however, have risen under the influence of favourable trade reports to the highest point of this year. Even the month's political developments and the threat of a coal stoppage have hardly any effect upon this market. In the

more specialised markets gold-mining shares weakened because of the political news. It must be remembered that most shares are dealt in internationally. Base metal shares were affected by the break in the London silver market. Oil shares were firm early in the month but weakened subsequently under fears of Continental selling. The rubber and tea share markets have been inactive, with prices inclined to sag.

Overseas Trade.—Imports for November were £71.5 millions, against £73.4 millions in October and £64.7 millions in November last year. Raw material imports were £19.7 millions, against £16.7 millions in November, 1934. Exports of British goods were £39.4 millions, against £39.9 millions in October and £36.1 millions in November, 1934. The November returns show a definite improvement compared with a year ago. This is most striking in the case of raw materials, which earlier in the current year were lagging behind. The returns for the first eleven months of the past two years are summarised below:—

Description	Jan.-Nov., 1934	Jan.-Nov., 1935	Increase (+) or Decrease (-)
	£ mn.	£ mn.	£ mn.
Total Imports	669.5	683.6	+14.1
Retained Imports	621.8	633.8	+12.0
Raw Material Imports	191.1	188.3	- 2.8
Manufactured Goods Imports	157.6	169.2	+11.6
Total Exports, British Goods	361.9	391.0	+29.1
Coal Exports	29.4	29.2	- 0.2
Iron and Steel Exports	32.1	34.1	+ 2.0
Cotton Exports	54.4	55.4	+ 1.0
British Manufactured Goods Exports	279.2	302.8	+23.6
Re-exports	47.7	49.8	+ 2.1
Total Exports	409.6	440.8	+31.2
Visible Trade Balance	-259.9	-242.8	+17.1

For the first eleven months of the year imports have risen since 1934 by £14.1 millions and total exports by £31.2 millions. This means that the adverse trade balance is £17.1 millions smaller than it was in 1934. Inasmuch as 1934 closed with an estimated adverse balance of payments of only £1,000,000, it is reasonable to expect a favourable balance for the year just ended.

Commodity Prices.—During December British wholesale prices remained very steady, and showed no disposition to

recede from their highest level for approximately five years. American wholesale prices have also been steady, but are slightly below the high point touched early in October. Up to the middle of December French wholesale prices were slowly rising. German prices show very little change. Taking September, 1931, as 100, at the end of December, the British index number was 113.7, the American index 121.9, the French figure 80.9 and the German figure 94.9.

On December 1st, the British official cost-of-living index number stood at 47 per cent. above pre-war. It remained unchanged during November, but was three points above the corresponding figure of the previous year. Retail food prices were 31 per cent. above pre-war. This figure was also unchanged since November 1st, but was four points higher than the figure for December 1st, 1934. While retail prices are obviously a little higher than they were a year ago, analysis suggests that most of the increase since August may be seasonal. If so, a decline may be expected during the early months of the New Year.

Home Reports

The Industrial Situation

The trade revival continues to make progress. The note circulation on December 24th amounted to the record total of £424·5 millions, representing an expansion since late November of £25·6 millions, and this alone indicates that Christmas trade was extremely good. The returns of retail trade for November show an increase of 7·0 per cent. over the previous year, while the latest returns of bank clearings also suggest that money is being spent more freely, and that the country has greater purchasing power at its command. These facts are conclusive evidence of reviving trade.

Returns of production and employment are equally encouraging. Unemployment was reduced by 49,997 during the period ended December 16th, and the number of people in work rose to a new high record of 10,599,000. The November output of coal, iron and steel was in every case better than that of the previous year. Raw material imports are also above those of a year ago, while wholesale prices have remained very firm since their sharp advance during the early autumn. The revival is no longer confined to certain of the capital goods industries, but is spreading to the important consumers' goods industries such as the textile trades, and also to shipbuilding. The demand for industrial chemicals, which is always a useful indicator, remains good. The only elements of doubt were a very slight decline last November in electricity consumption, and some evidence that the boom in the building of dwelling-houses may be reaching its peak. On the other hand, there is a growing revival in the building of factories, shops and offices.

As regards conditions overseas, reports from most of the Dominions remain encouraging. The revival in the United States continues to make progress. As regards Europe, news from Scandinavia on the whole remains good, but in Germany there has been a moderate seasonal recession. Belgium reports an improvement in business at Antwerp during the past few months. Reports from France are at last a little better, while Holland notes progress in certain directions. Elsewhere in the world, Brazil reports some improvement in coffee shipments, while Argentina has announced advances in the minimum prices of wheat and linseed. Japanese reports are less favourable, owing to the recent set-back in raw silk.

The year closes on two notes of uncertainty, these being the Italo-Abyssinian dispute and the possibility of a coal stoppage. Due weight must be given to the dangers inherent in both these causes of anxiety, but they should not be exaggerated. Otherwise the trade revival both at home and abroad is making progress, and by its general expansion of purchasing power is beginning to solve problems which hitherto have proved intractable. In particular it is beginning to ease some of the difficulties in the way of international trade and exchange. The world has still a long way to go to recover complete prosperity and numerous readjustments are still needed. Yet at least the New Year arrives with even better ground for hope in the future than existed a year ago.

Agriculture

England and Wales.—According to an official report, work on the land was not so forward as usual on December 1st. Early sown corn has germinated well. The total output of potatoes is estimated at 2,919,000 tons. The quality and condition of the crop appear to be fairly good, but the tubers generally are smaller than usual. The total production of mangolds is estimated to be about 4,566,000 tons. The quality of the roots is good, but they also are slightly smaller than usual. The yield of swedes and turnips is estimated at 9·3 tons per acre, which compares unfavourably with the average yield of 11·9 tons per acre for the last ten years. The sugar beet crop appears to be below average and the sugar content is expected to be less than normal. Cattle and sheep did moderately well during November. Winter keep has not been drawn upon to a greater extent than usual. Milk yields were about normal.

Scotland.—Farm work was retarded during December by the wet weather, and also by the frosty spell, but tillage generally is fairly well forward. The sugar beet crop is estimated at 66,000 tons, or a yield of 8·9 tons per acre, against 66,000 tons last year, and an average over the past seven years of 7·8 tons. Turnips, with an estimated yield of 5,711,000 tons, are almost up to average. In the produce markets, wheat has been in good demand, and oats rather firmer. Barley, except for choice parcels, continues to meet a dull trade. Potatoes have been strong for all varieties. In the livestock markets, prices generally have been steady with a dearer trend for prime qualities.

Coal

Hull.—There is a big demand for all classes of export coal. Prices consequently rule very firmly.

Newcastle-upon-Tyne.—The market has been affected by the possibility of a strike. Home demand has increased, and during December the market was firm in every direction. Provided that no strike occurs, trade seems assured for some months, in spite of a possible falling-off in demand whenever the fear of a strike is removed. Demand for best steams and bunkers is strong, gas coal is firmly held, and coking coal is in good demand. The coke market is firm for both spot and forward business, and makers are working to full capacity.

Sheffield.—The pressure for supplies of coal is such that collieries are unable to meet the demand. Although the pits have been working full time, there are considerable arrears of delivery of steam and house coal, and shippers are only able to obtain a small proportion of their requirements for export. Prices have advanced by a shilling and upwards per ton.

Cardiff.—The improvement in the South Wales market was fully maintained during December, and the general tone was firm. Sized and small coals, and also some classes of large coals, commanded a premium on schedule prices. The forward position, however, was rather uncertain, as the market was expected to ease after the Christmas rush.

Newport.—Foreign shipments amounted to 210,000 tons in November, compared with 191,000 tons in October, and 170,000 tons in November, 1934. Shipments to Italy have ceased altogether. Dock shipments, foreign and coastwise, totalled 266,000 tons, against 250,000 tons in October, and 203,000 tons in November last year. Up to the end of November dock shipments of coal for the year from Newport showed an increase of 139,000 tons as compared with 1934, whereas for the South Wales docks as a whole there is a decline of over 500,000 tons. The uncertainty about the position in the coal field during December led to a good deal of stocking, chiefly among home consumers, but also to some extent among foreign buyers. Supplies of certain classes of coal have been difficult to obtain.

Swansea.—The anthracite market continues fairly steady in tone. All best qualities are very firm, and prices are very

steady. Second qualities are a little irregular, but prices are unchanged. Third qualities are more readily available, and prices are a little irregular. Steam coals remain unchanged.

East of Scotland.—In both Fife and the Lothians at mid-December, all qualities of steam coal were fully sold up to the end of the month. Washed materials of every description were very active and all available supplies were being taken up as produced.

Glasgow.—Collieries were employed during December in replenishing the stocks of home consumers, who were making preparations for a possible strike. Demand for household sorts eased towards the end of December, but collieries are still amply provided with orders and deliveries are still in arrears. In order to meet the home demand coal normally offered for export has been diverted to land sale, and there has been a pronounced scarcity of supplies in the shipping market. Exporters have consequently done no new business, and have also had to meet charges for delays to steamers caused by the difficulty of obtaining coal against contracts.

Iron and Steel

Birmingham.—There has been some seasonal quietness in the market, as consumers have sufficient stocks for immediate requirements and contracts well ahead. Producers are disinclined to accept new business in view of possible price increases. Output of pig-iron is barely sufficient to meet the demand, and some consumers are drawing upon stocks. Steel makers are exceptionally busy, and in some cases are finding it difficult to deliver to time. The additional imports from the Continent arranged by the British Steel Federation have helped to ease the position.

Sheffield.—The basic steel section is producing to capacity, and production is sold well ahead. The Italian sanctions had a certain adverse effect on tool steels and alloy steels, but general business conditions have remained so good that the loss of Italian business has hardly been felt. Steel production continues on a large scale, and Sheffield's output for the first ten months of 1935 showed an increase of 93,800 tons over the corresponding period of 1934.

Tees-side.—The end of 1935 brought no slackening in the demand for iron and steel, and makers have been offered a greater volume of work than they felt able to accept. Pig-iron output is inadequate, and steps are being taken to bring more plant into operation early this year, in order to increase the supply of basic iron for steel works, and also the supply of hematite iron. Costs of production are rising owing to increases in the price of coke and imported ore. Iron manufacturers and producers of semi-finished steel have disposed of a large part of their output over the first quarter of the New Year. An increased demand for shipbuilding materials is being experienced, and railway specifications are also being placed with greater freedom.

Wolverhampton.—The foundry trades continue to be fully engaged.

Newport.—Imports of semi-products amounted to 18,350 tons in November, against 23,400 tons in October, and 21,940 tons in November, 1934. Exports, including general cargo, amounted to 13,426 tons in November, compared with 13,200 tons in October and 13,000 tons in November, 1934. Pig-iron output in October in South Wales showed a considerable decline, but the output of steel was higher than for both the previous month and the corresponding month of 1934. The works continue busy, and it is hoped that a start will soon be made at the Ebbw Vale works.

Swansea.—The tinplate market was more active during December, owing to a strong home demand and to sales made for export for 1936 delivery. The works have been busier, and were operating at 55·15 per cent. of capacity.

Glasgow.—Production at the works in the West of Scotland is on an impressive scale. All descriptions of material are in very good demand. In the steel trade there is a shortage of semi-manufactures. Business in this section has expanded considerably since tariffs were first imposed on imports from the Continent. Specifications for sheet bars, slabs and billets are of very encouraging volume, and requirements of structural engineers, shipbuilders and other consumers of heavy steel are increasing to an important extent. Sheet makers are active on home account. Tube works are producing satisfactory tonnages. Re-rollers and makers of wrought iron have good order books. Scottish pig-iron continues to be in good demand, and the

output of the fourteen furnaces in blast continues to be well absorbed. It is expected that more furnaces will be brought into blast early in the New Year.

Engineering

Birmingham.—Business in both the heavy and light industries is brisk, and order books are good. Manufacturers of motor-car components and accessories remain very busy. Makers of springs are working at high pressure. Tubes are in strong demand. The building trades have been affected by the weather.

Coventry.—The utmost activity prevails in most sections of the motor industry, but demand for higher powered cars has slackened. Manufacturers in both the electrical and aeronautical engineering trades are engaged to full capacity.

Leeds.—There has been some improvement, particularly in the lighter section.

Leicester.—Most branches of the industry remain very busy. Engineers are expected to be well employed throughout the winter. Export trade is only fair.

Sheffield.—The general engineering section has shown further improvement, and prospects are encouraging. The tool trades continue at full pressure. File, hacksaw and twistdrill manufacturers are also very busy, and are experiencing some difficulty in meeting the heavy demand. Both home and export business are good.

Wolverhampton.—Trade is good in the lighter sections and the heavier sections show some improvement. Satisfactory orders for pumping machinery have been placed. Makers of electrical plant continue to be fully employed, and future bookings are excellent. The demand for commercial and passenger road vehicles is well maintained, and makers of components are favourably placed. Constructional engineers are better situated, and makers of steel flooring and other equipment for factory and other undertakings are busy.

Glasgow.—Conditions in the shipbuilding industry continue to improve. Many of the yards are now busier than at any time since 1930. There are now 22 shipyards in operation, which is also the highest total since 1930, and the total mercantile work on hand is now in the region of 350,000 tons gross. Admiralty

work also represents a considerable tonnage. The marine engineering firms are benefiting from this improvement and in most cases are busily employed.

Metal and Hardware Trades

Birmingham.—Business in the brass and copper section is fairly quiet as is usual for the time of year. Prices are steady. The general hardware trades remain busy and manufacturers have in many cases been working at pressure for some months. Exports have increased.

Sheffield.—The seasonal improvement in the cutlery and plate trades ended earlier than usual, and although trade was certainly better than in 1934 conditions were rather quiet in December. The two busiest sections were scissors and safety-razor blades.

Wolverhampton.—Demand for ironmongery and domestic hardware is good, and business in the hollow-ware trades is satisfactory for the period of the year. The lock industry continues busy.

Cotton

Liverpool.—There has been only a moderate trade in spot cotton during the period under review. During the early part of the month a good turnover was reported in Peruvian and Sudan Sakellaridis, a fair business in Brazilian and Egyptian cotton, and a moderate business in other varieties. Latterly, however, the market has become less active at lower levels. The price of American "futures" has declined during the month owing to persistent selling by the Producers' Pool and a certain amount of long liquidation. Other depressing factors have been nervousness regarding the disposition of Government holdings in the 12-cent loan, suspense in connection with the Supreme Court's decision on the Bankhead Act and Processing Tax, the decline in silver and the general political outlook. Bullish features have, however, not been lacking. The latest Bureau Estimate of 10,734,000 bales shows a reduction of 407,000 bales on the previous estimate. The new Washington programme of crop control is designed to reduce in a period of four years the carry-over of 9,000,000 bales to a normal of approximately 5,000,000 bales. In addition, the latest returns continue to show increased takings of American cotton by the

mills of the world. Manchester reports a better enquiry for American and Egyptian yarns. In the cloth section business has been difficult to arrange, as many buyers have held off in anticipation of lower prices for raw cotton.

Wool

Bradford.—Prices remain firm. Wool is now coming in freely. Tops are readily taken up by consumers. Spinners are busy with orders on home account.

Huddersfield.—The activity of the past few months has been well maintained and tends to increase. The improvement is felt chiefly in the woollen section, but there is also a definite movement in worsteds. The fine worsted section depends largely on foreign markets, and the Italian dispute has caused a number of orders to be cancelled. In spite of this, there is more business in fine worsteds than there has been for a considerable time. All sections of the textile industry are busy, and the latest returns show that the number of unemployed in the district is the lowest for eight years.

Hawick.—Border tweed manufacturers report that the new patterns for the winter of 1936-7 have been fairly well received in London, particularly where anything novel was shown. An encouraging feature has been the increasing interest on the part of Germany and other Central European Countries who appear to have become rather more liberal in the matter of import permits. Orders for the immediate delivery of tweeds are also coming in better, and there has been a fair demand on American account. Reports from hosiery and underwear houses are somewhat mixed, but knitted woollen goods for outer-wear have been in continued demand. Wool prices have held steady, following on the recent advance, and seem to have found their level for the present. Spinners and dyers are quiet on the whole.

Other Textiles

Dundee.—New business in the jute market has been mainly confined to small orders for quick delivery. Pressure to complete previous orders has given the trade a deceptive activity. Prices remain firm, and spinners and manufacturers decline to lower their quotations.

Dunfermline.—In the Fifeshire linen trade orders are coming in steadily, and prices continue firm. Business is still mostly in small quantities, buyers being reluctant to commit themselves, but manufacturers are now able to stand out for payment of the quoted rates. The raw material position is easier, but spinners are not yet purchasing to any marked extent, as even with the recent concessions on the part of the Soviet Government, rates are still well above the parity of yarn values. There is very little demand meantime for wet spun yarns.

Clothing, Leather and Boots

Leeds.—Employment in the clothing trade remains good and is likely to continue so during the next few months.

Leicester.—The home trade in boots and shoes is holding its own and is better than it has been for many years. Manufacturers were busy in December with their spring samples, and the industry was working at about 60 per cent. of capacity. Fancy outerwear sections have been very busy, but export trade is poor. Hosiery distributors report that home trade is slightly better than a year ago, but export trade is exceedingly difficult.

Northampton.—Business in boots and shoes is likely to continue good until some time early this year when the struggle over prices will begin. If the public insist upon having footwear at present prices, manufacturers will have to resort to employing semi-chrome, as tanners demand full replacement prices. The leather market remains strong, and is expected to remain so for some time.

Shipping

Hull.—Tonnage is only in limited demand. Rates are quietly steady.

Liverpool.—Outward coal freights have been inactive, and chartering has been quiet for all destinations. Homewards from the River Plate shippers have shown a little more interest, especially for January to February loadings, and schedule rates have been maintained. The North American market has been slow for all classes of cargo, and the Australian market rules quietly steady. There has been a better demand from the East for forward positions. The Black Sea and Mediterranean have been featureless.

Newcastle-upon-Tyne.—Chartering was quiet during December. Tonnage has been fairly freely offering in most directions, but the difficulty in arranging loading turns is hindering business. Mediterranean business is quiet, the Baltic is fairly firm, and coasting has been well maintained at a considerable advance on summer rates.

Cardiff.—In view of the great difficulty in arranging cargoes for December, and the consequent lack of enquiry, the freight market has been in a depressed condition. With the exception of the Bay and Coasting trade, rates have declined by 1s. per ton during the month. An improvement is, however, anticipated owing to the expected easier position in the coal market in January.

Newport.—Freights have not quite dropped back to their old level, but are far from satisfactory to shipowners. The coasting market for smaller tonnage remains fairly firm. The policy of sanctions is likely to restrict coal shipments, though the prospect of a 10 per cent. increase in the French import quota will bring some benefit to the district. Work on the breaking-up of the Cunard White Star liner, "Doric," began in December. The number of laid-up ships remains at two.

Swansea.—The freight market has been fairly active. Rates have been well maintained, as tonnage has been offered very sparingly, particularly for coasting directions.

East of Scotland.—There were about thirty vessels on loading turn at the Forth coaling ports at mid-December, half of them being at Methil, where considerable activity has prevailed of late. No exceptional feature emerged in the Leith Dock returns for November as regards exports, but many of the principal imports showed substantial increases as compared with November, 1934, notably grain and wood, the former being almost double.

Glasgow.—Tonnage is in very limited demand owing to the scarcity of stems, and the freight market is quiet and featureless. Owners are not pressing for employment for their boats for discharge in the Baltic, and this section is firm in spite of the scarcity of orders. The Bay is attracting little attention, but the tone remains firm. The Mediterranean is inactive and easy, and coasting business is at a standstill.

Foodstuffs

Liverpool, grain.—During the early part of the month the wheat market was inactive and dull, partly owing to poor trade demand, and partly to fears of a change of policy by the recently reorganised Canadian Government Selling Board. Latterly, however, there has been a sharp uplift in prices following on the decision of the Argentine Government to fix a minimum price of 10 pesos per 220 lbs., to be paid to growers in respect of the 1935 crop. The decision of the Argentine Government is regarded as confirming the adverse crop reports of recent weeks. It is estimated that the new crop will produce an exportable surplus of only 7 million quarters for next year as against 18 million quarters this year. The Canadian crop is still grading badly and the receipts are small. Large quantities of Canadian wheat are being bought by the U.S.A., and it is thought that if the demand from this quarter continues—as it is expected to do—the Canadian Selling Board will have little difficulty in disposing of its surplus at good prices over the next six months. Australian reports are favourable. The crop is now being offered more freely, though there is no disposition to press sales in view of the bullish Argentine reports. Sales of Australian wheat to the Far East have been hindered by Exchange difficulties with China. The latest crop reports of winter-sown wheat from countries in the Northern hemisphere are generally favourable, with the exception of European crops, which are suffering from an excess of moisture. The statistical position is strong. The price of maize during the last month has fluctuated in a similar manner to that of wheat. The demand has been moderate.

Liverpool, provisions.—During the month Continental bacon was steady with supplies ample for requirements, large quantities of home-cured being available. American hams were also steady with a slight advance in prices. The demand for lard proved quiet, and prices had a downward tendency. Owing to heavy arrivals of Empire butter, prices show a considerable reduction. Continental varieties, however, have remained at a high level through a scarcity of shipments, the result of their own home consumption. Business in cheese has shown very little change from last month, prices being maintained and supplies normal. In the canned goods section, meats were in good demand with supplies insufficient, and fruits steady at about unchanged prices.

Fishing

Brixham.—There was an improvement in the landings of all classes of fish during November, and a few boats arrived with good hauls of herring. Demand was good and prices generally remained firm.

Lowestoft.—The landings of trawl fish by British vessels at ports in England and Wales amounted in November to 50,979 tons valued at £833,140, compared with 41,253 tons valued at £816,224 in November last year. The heavy concentration of fishing on the Bear Island grounds brought down the value of cod considerably and actually affected the average price of all white fish which stood at 19s. 9d. per cwt. in November, 1934, and only 16s. 4d. per cwt. in November, 1935. Conditions in the herring fishery put the capacity of the new Herring Industry Board to a severe test, but the loyalty and goodwill of all sections of the trade enabled the industry to be carried on without a crisis such as arose a year earlier. The value of herrings was firmer and trading conditions were on a more satisfactory basis. The demand from Germany was keen for both fresh and pickled herrings. A halt was called in the curing of herrings when the cure reached 400,000 barrels. During the month 43,139 tons of herrings were landed in England and Wales, chiefly at Yarmouth and Lowestoft. These realised £314,719. In November, 1934, the corresponding figures were 37,785 tons valued at £280,389.

Penzance.—The herring fishing during December was the best for many years. Demand has been so keen that prices have been exceptionally high, and as a result local boats have made record earnings. The best shots have been from 45 crans down, and prices have ranged from £5 4s. to £3 per cran. The earnings of the boats have been from £205 per week down.

Scotland.—The line fishing round the coast was much hampered during December by stormy weather and fog, and supplies have been mostly light. Prices generally have remained at a satisfactory level.

Other Industries

Carpet-making.—Most of the Kidderminster carpet looms are fully employed, and some overtime is being worked in the spool and gripper Axminster sections. Chenille Axminster is

not so much in demand and some mills are working short time. Wilton weavers are only fairly well employed, though orders have recently improved. Many special carpets are being made, and travellers are well satisfied with their orders for spring delivery. Trade with the Empire continues to be good, but on the Continent carpet dealers are very much restricted in their purchases owing to import licences being unobtainable. Raw materials have not changed appreciably.

Paper-making and Printing.—Edinburgh reports practically no change in the local paper-making trade. Most of the mills are still on a five-day week, but one or two are busy on special work. The printing trade continues active and strong, particularly on the book publishing side, which may be said to be booming at present. Taken all round, employment in this branch of industry is very satisfactory.

Pottery.—Longton reports that the Christmas trade was generally satisfactory, and many of the China factories have been working to capacity. Unemployment returns for November, however, showed an increase over a year ago, owing to some slackness in the earthenware section. Exports showed an improvement over November, 1934, particularly those to Canada, New Zealand, and the United States.

Timber.—Hull reports that December, though usually a quiet month in the timber trade, showed better returns for orders ex stock than in previous years. Prices have been satisfactory, and many importers have raised their quotations, in view of the very firm attitude which shippers have adopted for f.o.w. goods. Prices are likely to be higher when the negotiations between Timber Distributors and the Russians have been concluded.

Pitwood imports at Newport amounted to 7,960 loads in November, compared with 8,300 loads in October, and 14,000 loads in November, 1934. Of the November imports 1,200 loads came from Portugal and 6,760 loads from France. Other timber imports totalled 2,492 loads, consisting mainly of telegraph poles and sleepers.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Seasonal conditions have on the whole been favourable, particularly in Victoria, but in Western Australia and the interior of Queensland rain is needed. The wheat yield will probably exceed that of last year. Prices for wheat, butter, and wool are all higher than a year ago, and while the wheat market is dull, wool is selling rapidly. Engineering, construction, textiles, motors and other secondary industries, and also wholesale and retail trades and employment are all ahead of November, 1934. Imports for the four months to October 31st totalled £28 millions sterling, and exports £29 millions sterling.

Canada

From the Imperial Bank of Canada

The most important recent event has been the conclusion of the reciprocal trade agreement with the United States. The purpose of this from the Canadian point of view is to enlarge the export market for livestock and other farm produce and for the products of other basic industries, including lumbering and fishing. Canadian manufacturing industries are hopeful that the keener competition from America will be offset by increased purchasing power at home by reason of the stimulation to Canadian basic industries. They also hope for a reduction of tariffs on raw materials and other adjustments to facilitate export trade. The new agreement is expected to open the Canadian market for American products to the extent of \$100,000,000 a year. Apart from this Canada's external trade has expanded, particularly since the Ottawa trade pacts have been in effect, and the latest monthly figures are the highest for the last five years. Largely as a result of the Ottawa Agreements, the United Kingdom has become Canada's best customer, but the new trade agreement may put America into the first place. British textile manufacturers are taking the lead in seeking modifications to the Ottawa Agreements affecting exports, but the new Canadian Liberal Government has yet to state its policy as regards inter-Empire trade. A new treaty with New Zealand, however, promises help to Canadian automobile exporters. General business is satisfactory. The economic index of the

Dominion Bureau of Statistics has recovered from a recent reaction, and is now close to 100, which roughly represents average conditions in 1926. There has been an improvement in railway freight movements and in bank clearings. Motor-car production has attained the highest level since 1925, and commodity prices have strengthened with advances for metal and wheat. Industrial employment has risen to the highest level for five years, but unemployment with its drain upon municipal resources remains a serious problem.

India

Bombay.—Both home and export demand for Indian cotton has been poor, but the "futures" market has remained steady. The piece-goods market has been very quiet, and forward business in both British and Japanese goods has been negligible. There has been a small but steady demand for British yarns, but Japanese yarns have been dull.

Calcutta.—In the first half of November there was little business in the loose jute market, but owing to "bull" speculation and the firmness of Mofussil markets, rates advanced sharply. Buyers held off and dull conditions prevailed. At the close a small business was done in European Eastern packing. In baled jute a fair business was done with shippers early in the month at declining rates. Later, prices steadily advanced in sympathy with loose jute and the market closed firm. The greater portion of tea on sale during the month was of rains character and prices fell with the decline in quality. The market for export tea was irregular and inclined to be easier. The internal market continued strong at steady prices.

Rangoon.—There was no business in rice during the month, except for speculators covering their short November position. Old crop supplies are scarce, but the demand is small and confined to India. New crop business has not yet started, the market generally preferring not to buy. The crop is expected to be a bumper one, and with no external demand prices are not expected to improve. The European timber export market showed less activity, but prices remained steady. The Indian market showed a slight improvement in demand on the Calcutta and Bombay side. Auction prices of round logs

remained steady. The hardware market opened firm owing to speculative buying as a result of the Italo-Abyssinian dispute. Up-country demand re-acted only slightly, and later a sharp decline in bazaar prices was recorded. Replacing costs from Europe are maintained, but Japanese quotations have weakened.

Irish Free State

Weather conditions in the past month have been unusually bad, and farm work has been retarded. Due largely to seasonal demands, the cattle markets have been very active, with prices generally satisfactory. Demand for prime quality bullocks and heifers continues firm. Demand for sheep and lambs is adequate to the increased supply, and prices are steady; the best qualities are scarce and eagerly sought. The trade returns for the 12 months ended October, 1935, show exports £20·1 millions and imports £37·3 millions, as compared with £18·9 millions and £38·8 millions for the same period of 1934. This shows a reduction of about £2,000,000 in the adverse balance. During the past five years the Free State's total trade turnover has shrunk from £105 millions to £57 millions.

France

From Lloyds and National Provincial Foreign Bank Limited

The foreign trade returns for the first eleven months of the past two years are summarised below :—

		FIRST ELEVEN MONTHS		Difference
		1934	1935	
		Frs. mill.	Frs. mill.	Frs. mill.
<i>Imports—</i>				
Foodstuffs	...	6,882	5,627	— 1,255
Raw Materials	...	10,445	10,150	— 295
Manufactured Articles	...	3,912	3,234	— 678
TOTAL	...	21,239	19,011	— 2,228
<i>Exports—</i>				
Foodstuffs	...	2,286	2,250	— 36
Raw Materials	...	4,732	3,903	— 829
Manufactured Articles	...	9,230	8,035	— 1,195
TOTAL	...	16,248	14,188	— 2,060

The adverse visible trade balance for the first eleven months of 1935 is Frs.4,823 millions against Frs.4,991 millions for the same period last year.

During the last month the Cabinet has successfully faced the Chamber of Deputies on several important issues, including that of the Leagues which has now largely resolved itself.

The Bourse has been dominated by internal political events. During November, the Banque de France raised its advance and discount rates from 4 to 7 per cent. and from 3 to 6 per cent. respectively. Carry-over rates for the end of November settlement were $6\frac{1}{2}$ per cent. "au parquet" and $8\frac{1}{2}$ per cent. "en contesse." Following the recent successes of M. Laval the Bank rate was reduced from 6 to 5 per cent. on December 31st.

Bordeaux.—There is a better undercurrent in the wine trade, and some slight improvement in business is anticipated in the near future. The market remains firm, but business has been limited. There have been important dealings in the resin market, and quotations are firmer.

Le Havre.—Cotton prices have continued to progress with a firm undertone. Stocks are small for the time of year, being at present around 79,000 bales. The statistical position of the "futures" market is healthy, a lessening of currency fears having resulted in a shake-out of speculative positions which have been easily absorbed. The mills are spinning at a profit.

The coffee market remains dull, and prices have fluctuated within narrow margins. The tendency is weak. The requirements of the interior are so far distinctly poor for the time of year. There has been some decrease in stocks since last month, largely attributable to the clearance through the customs of a considerable volume of coffee in anticipation of an increase of Frs.20 per 100 kilos in duties. The new edict is now in force, and will give some protection to French Colonial coffee.

Lille.—The improvement in the cotton industry continues. Demand has increased and prices are well maintained, but competition is keen and profitable margins still hard to obtain. Spinners have orders in hand for some months ahead, hosiery manufacturers being prominent in this improved demand. More spindles are being brought into operation, and in one or two cases mills that have been closed down for a long period are being reopened. The flax market is overshadowed by the high price for raw material, but it is reported that smaller

quantities are available for export, and still higher prices are predicted. Competition in yarns is very keen, but the tendency is firmer for coarse and medium qualities. Demand is very limited for the fairly large stocks of fine counts.

Roubaix.—Activity in the wool top market has recently shown a tendency to fall away. Prices have weakened slightly, but the undertone is very firm. Options are still considerably below world prices. Stocks have been further reduced by 1.2 million kilogrammes, and now stand at 11.5 million kilogrammes. The combing section shows no improvement, and few combers are working at more than 50 per cent. of capacity. Spinners are doing well, and may remain busy as the seasonal fall in the demand for hosiery yarn is being offset by better orders for manufacturing. The manufacturing section maintains its slight improvement, but few firms are earning a profit. Unemployment is unchanged.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—Business continues to improve, and traffic in the port shows a decided increase. The grain trade has at times been very active, but at present is quieter. There have been many transactions in wool on the terminal market, and prices are being maintained. The diamond industry is satisfactory, and prices are more stable. The Stock Exchange is very active, and Government bonds maintain the level which was fixed after conversion. Industrial values show a remarkable increase. The financial situation of many companies has improved.

Brussels.—There is a marked falling-off in new export business in the iron and steel trades. By contrast the home market is satisfactory. This state of affairs is normal, and usually lasts until the middle of January. The November production of steel amounted to 249,453 tons, against 254,575 tons in October, and 248,108 tons in November, 1934. The coal market shows little change. The demand for domestic qualities has strengthened owing to the cold weather, and industrial qualities are being bought by the electricity and gas undertakings. The French Government, as from December 1st until the end of February, has increased the import quota by 10 per cent. which represents about 12,500 tons a month.

Germany

During the last weeks most branches of industries and commerce have been very quiet. Unemployment increased by 114,000 in October and 158,000 in November. Consumption goods industries, such as the textile trades, continue to experience difficulties. Until recently the textile industry has been subjected to regulations restricting working hours. These regulations have been superseded by a system whereby manufacturing quotas are fixed according to the general condition of the market and the available supply of raw material. The wireless industry has suffered not only from unfavourable market conditions, but also from the reaction to the inflated turnover of last year which had been backed by the Government. Large army orders for field-glasses and similar articles have stimulated the optical industries, which were further aided by increased private orders. The improvement in the sphere of investment goods continues. Coal output in November amounted to 375,700 metric tons per day. Food prices have risen a little; the wholesale price-index shows a slight rise. As regards foreign trade, exports have risen from Rm.318 millions in June to Rm.397 millions in November. The export surplus amounted to Rm.55 millions in September and October, and to Rm.51 millions in November, but the total volume of foreign trade remains inadequate for the economic structure of the country. Dr. Schacht's speeches have been exciting widespread interest, particularly as regards the reform of limited company legislation. He has shown that the Government is opposed to revolutionary measures. Being in need of large capital resources, they could not treat the rights of creditors—in this case shareholders—lightly. This would not affect the Nazi aim of exterminating the "capitalistic spirit."

Holland

The past year has witnessed no substantial economic improvement in Holland, but the outlook is not wholly discouraging. The position in the Dutch East Indies is now better. Tobacco and sugar have once more become remunerative crops, the prices of palm oil, fibres and other commodities are rising, and hopes are entertained of the future results of the rubber restriction scheme. At home there has been a further contraction in Dutch external trade. Comparing the first eleven

months of 1934 and 1935, imports have fallen from Fl.964 to Fl.863 millions, and exports from Fl.656 to Fl.623 millions. The decline in imports is attributed to the extension of the quota system, to the contraction in the purchasing power of the population, and to a comparatively small extent to the growth of Dutch industries.

The unemployment returns acquire careful interpretation. There are 360,000 registered at the employment exchanges, but these include 55,000 on emergency relief work, as well as those who are seeking to change their employment and those regarded as "unemployable." A more accurate picture is given by the number of unemployed shown in the unemployment insurance returns. This last total was reduced from 197,000 to 163,000 between January and September.

The gilt-edged market is beginning to recover, and in December a "Provincial" loan was successfully issued. The terms were generous, as it consisted of $4\frac{1}{2}$ per cent. bonds at an issue price of 99. Still, the issue was a pronounced success, and so it may prove possible to place forthcoming issues upon cheaper terms.

The policy of the Government consists of maintaining the gold standard, while trying to adapt the country to recent changes in economic conditions. Efforts are being made to reduce wages and interest rates, and a bill is being introduced to bring mortgage interest rates down to a maximum of 4 per cent. Government assistance to different industries is now being gradually reduced. On the other hand, fresh public works are in contemplation, including the reclamation of another part of the Zuider Zee. Commercial policy is moving in the direction of concluding bilateral treaties with other countries, and a treaty with the United States is now about to be signed.

Norway

The November trade returns are summarised below :—

	Nov., 1934	Oct., 1935	Nov., 1935	ELEVEN MONTHS, 1934	ELEVEN MONTHS, 1935
	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.
Imports ...	63·2	77·7	77·5	671·1	732·8
Exports ...	50·7	59·3	61·0	523·6	545·1
Import Surplus	12·5	18·4	16·5	147·5	187·7

The November exports are the highest recorded since April, 1930. Idle tonnage was reduced during November from 41 vessels of 202,750 tons d.w. to 26 vessels of 65,430 tons d.w. The industrial production index number remained unchanged during October at 117 (the first half of 1933=100). The index for export industries rose from 103 to 112, the index for home industries fell from 124 to 120, and the index for consumers' goods industries rose from 120 to 121. The wholesale price-index was unchanged from last month at 130, and the cost of living index was also unchanged at 153. The unemployment returns show 39,270 unemployed in November as against 36,549 in October, and 39,670 for November, 1934. During the 11 months of the current year Norway's merchant fleet expanded by 138,000 tons gross, while the number of vessels decreased by 11. The complete merchant fleet now numbers 1,865 vessels of 4,039,139 gross tons. The recent purchase of 10,000 tons of Cuban sugar has resulted in an Order in Council dated December 6th which makes the importation of sugar subject to the consent of the Ministry of Commerce.

The German purchase of 75,000 tons of whale oil at £20 per ton has been confirmed. The Norwegian Government guarantee 75 per cent. of the amount due, and payment falls within the scope of the Norwegian-German clearing agreement. The oil will be delivered direct from the fields.

In order to rationalise the margarine industry an agreement was entered into in March, 1935. The Margarin Centralen A/S, with a share capital of Kr.2 millions, will start activity as from January 1st, 1936. Twenty-five factories are connected with the Central, the shares of which are held by the signatories to the agreement. The Central will organise all sales of margarine, and direct sales from the factories will be discontinued.

Sweden

The timber season is now closed for the year; it is estimated that about 800,000 standards of Swedish wood goods have found a market. It is possible that a further 10,000 or 20,000 standards may be sold during the remainder of the year, but in any case the final total will be at least 100,000 standards below the aggregate sales for 1934. Throughout practically the whole of 1935 prices have gradually fallen, and at the present time they are about 35s. to 40s. below those prevailing at the beginning of the year. Far brighter prospects have appeared, however,

during the last few weeks, as a result of the regulation of exports agreed to by eight of the principal timber exporting countries in Europe, thereby ensuring a steady supply of timber and close contact with the market. Another promising circumstance is that the United States has reduced the heavy duties imposed since 1932 on wood goods from Canada. Now that Canada is able to resume her exports to the United States, she will compete less in the English market. This will prove a direct relief to those countries that have for years past been shipping regularly to Great Britain. Moreover, Sweden has latterly been receiving fairly active enquiries regarding next year's supplies to the English market. Contracts for about 75,000 standards are said to have been signed.

The paper pulp market's selling areas have shifted somewhat in recent weeks. Reduced sales in some quarters (owing to the Italo-Abyssinian dispute, enhanced import restrictions in Germany, exchange difficulties in Spain and other countries) have been compensated for by increased consumption by the English and American markets. Business has been proceeding at the same rate as during the autumn, and it is now estimated that of the 1936 output 45 per cent. of the sulphite production and 70 per cent. of the sulphate have already been sold. Prices, however, are unchanged. An improvement in the mechanical pulp situation has at last become discernible, for a number of new contracts have been concluded not only for 1936 but for 1937 as well. Paper exports have been fairly active during the past month and the mills' supply of orders has increased for practically all kinds of paper. Slightly higher prices have been obtained for kraft paper and sulphite paper, and prices are firm for other kinds of paper.

The iron market is still in a favourable position, and prices are firm. The delay in concluding the negotiations over the new wage contracts is causing some anxiety.

Denmark

The foreign trade returns for the first eleven months of the past two years are summarised below :—

		1934	1935
		Kr. mill.	Kr. mill.
Imports	... ..	1,228·8	1,220·4
Exports	... ..	1,110·8	1,150·9
Import Surplus	... ..	118·0	69·5

Agricultural exports have fallen from Kr.907 millions in 1934 to Kr.895 millions this year. Butter exports to Great Britain were reduced by 7 per cent., but those to Germany increased by 34 per cent. There was a further reduction of 9 per cent. in exports of bacon, but those of eggs increased by about 6 per cent. Better prices for butter and bacon, however, have been obtained during the current year.

The percentage of registered workers unemployed has risen from 17.3 per cent. in October to 21.6 per cent. in November, compared with 22.3 per cent. in November, 1934. Unemployment in the building industry rose between October and November from 16.7 to 30.7 per cent. This increase was partly seasonal, but as for November last year the figure was only 25.7 per cent., it appears that the recent building boom has now passed its peak. The total wholesale price-index number for November was unchanged at 139, but since October the index number of imported goods has risen from 139 to 141, while that of exported goods has fallen from 135 to 130. Thus the disparity between these two subsidiary index numbers has widened to the disadvantage of Denmark.

The Act continuing the Exchange Control Office for a further two years has now been passed, with only minor changes in the administration of the Office. At the end of November the National Bank held foreign exchange amounting to Kr.13.5 millions against foreign exchange liabilities of Kr.89.0 millions. During the first fortnight of December assets rose to Kr.17.5 millions, while liabilities rose to Kr.91.4 millions.

In the December REVIEW it was stated that the cost of unemployment relief had risen from Kr.191 millions to Kr.267 millions. These figures really referred to the total cost of all social expenditure, including old age pensions, and not to unemployment relief alone.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

The bourses have remained inactive, owing to the lack of encouraging news. The discount rate for first-class bills, however, has hardened and is now at $2\frac{1}{2}$ per cent., or the same as the official discount rate of the National Bank. A clearing scheme between Italy and Switzerland has been effected in connection with financial sanctions. The Federal railways still

show declining receipts. On the other hand, the postal autocars carried 4,221,000 passengers in the first nine months of the year, or 329,000 more than for the same period of 1934. A decline in the volume of telegraph communications is compensated for by a marked increase in that of telephonic communications. Air transport also shows a large upward movement. During the last month the unfavourable trade balance has decreased, due to a fall of Frs.3.3 millions in imports and an increase of Frs.3.5 millions in exports. The watch-making industry remains active, and the chemical and machine industries are also doing better, having found new foreign markets. Bookings at the winter resort hotels are satisfactory, having been stimulated by lower prices. In the middle of December there was an abundance of snow everywhere.

Spain

A political crisis terminating in the formation of a new Ministry has checked the confidence which had been engendered by Sr. Chapaprieta's skilful handling of Spain's finances. Sr. Chapaprieta, however, continues to occupy the post of Finance Minister, but it is believed that the new Government will be dissolved early in the New Year. In the meantime the completion date of the "Conversion" operations originally fixed for the end of 1935 has by Decree been extended to the middle of 1936.

The official returns for foreign trade up to the end of October show imports of Ptas.693 millions and exports of Ptas.451 millions, against Ptas.680 millions and Ptas.480 millions respectively for the same period in 1934. These figures are quoted in gold pesetas.

A new Commercial Agreement has at last been reached with France and will come into force as soon as a Supplementary Agreement as to payments has been signed. The resumption of exports to France of fruit and vegetables is eagerly awaited by the Levant growers. Owing principally to adverse climatic conditions this year's grape harvest is only about 75 per cent. of the average over the last ten years.

Morocco

From the Bank of British West Africa Limited

The lack of adequate seasonal rains in most districts in the French zone has, with other factors, resulted in dull trade

during early December. Conditions have not been favourable for the export of grain and there has been a tendency (especially in the South, where drought prevails) for grain to be withheld from the market for higher prices. Eggs have been in demand for France at good prices, and the export of early vegetables has commenced. The Mohammedan Fast of Ramadan, during which a lull usually occurs in Native trade, commenced on November 27th.

Although sanctions against Italy were decreed in France in November to affect all territories under French control, special arrangements (still under consideration) are necessary before they can be applied in the three zones of Morocco. In 1934 Italy bought 245,400 tons of goods, valued at Frs. 54.5 millions from French Morocco, and sold 10,200 tons, valued at Frs. 41 millions; her total trade with the Tangier zone amounted to only 4,700 tons, valued at Frs. 7.8 millions. Italian returns for the Spanish zone are not available.

The foreign trade figures for the first nine months are summarised below, giving details of the most important goods:—

<i>Chief Exports—</i>			Thousand tons	Frs. millions
Phosphates ... ..	...	...	941.7	106.7
Wheat ... ..	...	...	159.5	94.3
Barley ... ..	...	...	114.4	33.8
<i>Total Exports</i> ... ..	...	...	1,500.0	534.0
<i>Chief Imports—</i>			Thousand tons	Frs. millions
Sugar ... ..	...	...	109.6	86.1
Coal ... ..	...	...	102.0	8.3
Textiles ... ..	...	...	10.5	77.6
Green tea ... ..	...	...	5.6	43.0
Edible oils ... ..	...	...	6.9	13.0
Petrol and paraffin ...	...	...	1 mill. hectolitres	59.4
Motor cars ... ..	...	...	2,635 units	32.9
<i>Total Imports</i> ... ..	...	...	632.8 tons	873.6

The United States

With Congress in recess, there is little political news. At the end of the year the Supreme Court judgments on processing taxes were eagerly awaited. The Federal Advisory Council has advised that the huge excess reserves held by member banks should be reduced, the method suggested being that of allowing the Government securities held by the Federal Reserve Banks to run off without replacement.

General business conditions have maintained their recent improvement, and as this is independent of any particular increase in government expenditure, it would seem fair to assume that a genuine revival is under way. Steel production and manufacture of automobiles show gains, and aggregate railway car-loadings are in advance of last year.

Raw sugar and refined granulated have both markedly declined in price. This is largely due to an injunction of the Supreme Court against the collection of the processing tax on rice, though this must not necessarily be taken as foreshadowing an adverse decision on the A.A.A. cases that are still "sub judice." Shipments of sugar from Cuba up to November 30th were 24 per cent. higher than last year.

Copper selling has been active at $9\frac{1}{2}$ cents per lb., in spite of talk of an impending increase in prices. Home demand has been good, and if it increases much more, it would justify the price of copper being raised to $9\frac{1}{2}$ cents per lb.

In the iron and steel trades, blast furnaces in action increased from 116 to 122 during the month. Production of pig-iron shows an increase over October, and the steel industry continues active, with a prospect of higher prices. Large orders continue to be received from the automobile industry, while railway purchases are better than since early in 1934. The latest official estimate of the cotton crop is 10,734,000 bales, which is 407,000 bales less than the November 1st forecast, but still 1,100,000 bales more than last year. In spite of this reduction selling orders are forcing the price down. In the textile industry cloth prices are well maintained, but the volume of sales is somewhat below current production.

South America

Argentina.—The system of disposing of official exchange by auction has been abolished and in future the rate will be fixed by the central bank. Weather conditions have been favourable for crops. Rain has fallen in the areas affected by the drought, but more rain is needed in parts of the Province of Buenos Aires. Sowing and germination of maize have been favoured by the rain. Linseed crop prospects are favourable in the north and centre of Buenos Aires, but are less favourable in Santa Fé, Entre Ríos, and the south of Buenos Aires. There has been considerable activity in the wool market. Prices of meat and cattle improved early in November, but have since

reacted. Trade in imported cotton goods has been satisfactory, and business in woollen goods was also encouraging.

Brazil.—The export surplus for the first nine months of 1935 was only £4,205,000 gold, equivalent to £6,795,000 sterling. This is the smallest surplus recorded for many years. It is due to an exceptional increase in the volume of imports and also to a further decline in the world prices current for Brazil's principal exports. On the other hand, there is evidence of the progressive development of the nation's agricultural resources, and of a diminution in the dependence of the country's export trade upon coffee. Furthermore, coffee shipments for November totalled 1,436,870 bags, which was much above the monthly average for the year. 78,000 bags of old stocks were eliminated from the market, raising the total withdrawn in 1935 to 1,442,000 bags. Visible stocks at the ports at the end of November amounted to 3,244,840 bags. The low prices current during recent months are apparently stimulating shipments, but it has yet to be proved if they will dislodge Brazil's competition and re-instate her in her former position in the world's markets. The new estimate of the 1935-36 crop gives a total of 17,270,000 bags for the whole country, against a previous estimate of 18,670,000 bags.

Chile.—The exchange has been firm, and the September trade returns showed an improvement in the favourable trade balance. The 1935 season's sowings of the leading crops are the same as those of 1934, but slightly below those of 1933. There was an improvement in the chief industries during September.

Uruguay.—A new Trade agreement has been signed by Uruguay and Germany. It provides for the control of exchange, and also binds Germany to purchase up to 5,000 tons of chilled beef, an amount which may be increased to 10,000 tons. The Anglo-Uruguayan trade agreement was approved by the Senate on November 12th. Regarding imports of British merchandise, the State Bank has announced that while the quotas assigned to Great Britain remain unexhausted, free controlled exchange will be granted in cover of all those classes of goods which, when imported from other countries, enjoy this facility under special agreements. This concession will benefit a number of lines previously classified as luxury goods.

* * * Further information regarding trade conditions in South America will be found in the *Monthly Review*, published by the Bank of London & South America, Limited.

Japan

The latest trade returns are summarised in the following table :—

		Nov., 1934	Oct., 1935	Nov., 1935
		Yen mill.	Yen mill.	Yen mill.
Exports	... ..	197	236	211
Imports	... ..	185	176	206
Export surplus	...	12	60	5

The total excess of exports for the first eleven months of 1935 amounts to Yen 50 millions. The drop in the export surplus for November is accounted for by decreases of raw silk exports to the value of Yen 9 millions and cotton goods to the value of Yen 2 millions. Among imports, those of wool and cotton increased by Yen 11 and 29 millions, respectively. The money market continued active. The Bank of Japan's gold reserve on December 2nd was over Yen 500 millions. The loan market remains stagnant. The stock market has shown some hesitancy on account of the "Chinese currency reform" measures, but the general trend is good, due to the better outlook abroad and industrial activity at home. A reaction at the end of the month was ascribed to market adjustments. The commodity markets have become inactive. The reaction in raw silk is having an all-round effect, and there is a general decline in textile prices. Exports of cotton textiles for the eleven months to November exceeded 2,500 million yards, and rayon yarn exports during November totalled 48,000 cases, in each case a new high record. The index of wholesale prices for November is given at 193·6, a decrease of 0·2 per cent. below October figures.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1929	361.8	11.0	235.2	9.0	4.8	260.0	133.3
" " 1930	352.3	11.0	233.0	11.5	4.5	260.0	155.1
" " 1931	357.1	11.0	232.0	12.9	4.0	260.0	144.5
" " 1932	360.5	11.0	240.9	19.3	3.8	275.0	120.8
" " 1933	367.1	11.0	249.9	10.5	3.6	275.0	171.8
" " 1934	378.8	11.0	245.4	0.1	3.5	260.0	191.1
" " 1935	381.4	11.0	246.7	0.2	2.1	260.0	192.5
Dec. 18, 1935	419.5	11.0	246.5	1.1	1.4	260.0	200.0
Dec. 24, 1935	424.5	11.0	246.3	1.4	1.3	260.0	200.0

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Secur- ities.	Discounts and Advances.	Other Secur- ities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1929	19.7	58.2	36.4	50.6	13.0	17.1	51.9	45.4
" " 1930	18.8	54.9	35.9	44.8	6.1	13.3	63.7	58.1
" " 1931	17.2	58.8	34.7	30.3	24.6	25.7	48.3	43.6
" " 1932	27.2	54.6	34.4	35.7	11.7	51.1	35.9	30.9
" " 1933	21.2	92.8	35.0	57.7	11.8	17.2	80.6	54.0
" " 1934	17.5	94.5	36.9	77.1	5.6	11.0	73.4	49.2
" " 1935	20.1	96.6	41.2	87.6	5.6	11.4	71.7	45.3
Dec. 18, 1935	10.2	79.8	37.3	82.7	7.2	14.2	41.2	32.3
Dec. 24, 1935	12.1	72.1	37.1	81.9	8.5	12.8	36.2	29.7

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Accept- ances, Guaran- tees, etc.	Cash.	Balance and Cheques.	Call Money.	Bills.	Invest- ments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1925	1,643.5	113.9	190.2	51.1	111.7	205.1	299.4	857.1
" 1929	1,776.6	222.1	187.8	52.7	136.1	216.6	258.9	995.9
" 1930	1,719.3	159.3	184.4	51.3	134.7	183.6	240.4	990.8
" 1931	1,763.9	121.5	184.0	43.5	114.1	240.4	311.1	936.1
" 1932	1,676.4	98.7	174.0	43.4	112.5	216.8	281.9	902.1
" 1933	1,925.2	95.8	207.0	40.1	108.7	348.1	510.2	766.2
" 1934	1,830.6	112.8	218.9	43.5	120.4	202.1	547.1	753.0
" 1935	1,923.3	117.7	214.0	43.6	133.4	207.0	614.4	766.8
Oct., 1935	2,035.7	93.8	204.3	49.5	141.2	296.9	626.4	773.4
Nov., 1935	2,039.5	97.5	214.3	46.7	147.3	293.2	620.6	774.0

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing.	Metropolitan Clearing.	Country Clearing.	Total.
	£ mn.	£ mn.	£ mn.	£ mn.
1925	35,801	1,678	2,958	40,437
1929	39,936	1,882	3,079	44,897
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1934 to December 24 ...	30,167	1,727	2,934	34,828
1935 to December 24 ...	31,911	1,861	3,182	36,954
1934 December (4 weeks) ...	3,045	168	286	3,499
1935 December (4 weeks) ...	3,353	189	314	3,856

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1925.	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Mar., 1935.	Oct., 1935.	Nov., 1935.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham	11·3	11·9	9·0	9·7	11·3	9·6	9·7	10·4
Bradford	—	5·9	3·4	3·3	4·2	3·8	4·3	4·3
Bristol	5·1	5·3	4·9	5·0	5·4	4·9	5·7	5·2
Hull	4·8	4·0	3·0	3·2	3·2	3·2	3·6	3·7
Leeds	4·5	4·4	3·8	3·8	4·4	4·3	3·8	4·2
Leicester	3·6	3·6	3·1	3·1	3·3	2·8	3·2	3·0
Liverpool	42·5	34·2	25·6	25·6	26·8	25·8	25·2	25·3
Manchester	77·4	58·0	42·5	42·1	46·1	42·8	44·1	41·0
Newcastle-on-Tyne ...	7·8	6·5	5·7	6·5	6·9	5·5	5·2	5·6
Nottingham	2·3	2·8	1·9	1·9	2·0	2·0	2·2	2·2
Sheffield	5·0	4·6	3·3	3·5	3·6	3·4	3·9	3·8
	164·3	141·2	106·2	107·7	117·2	108·1	110·9	108·7

LONDON AND NEW YORK MONEY RATES

	LONDON.					New York.		
	Bank Rate.	Treasury Bills.		3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call Money.	Acceptances.
		Tender Rate.	Market Rate.					
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1925	5	4½	—	4½-4¾	3½-4½	3½	3½	3½
" " 1929	5½	5½	5½	5½-5¾	4½-4¾	5	15	5½
" " 1930	3½	2½	2½	2½-2¾	2½-2¾	3½	3½	2½
" " 1931	3	2½	2½-2¾	2½-2¾	2½-2¾	2	1½	1½
" " 1932	3½	2½	1½	2½-2¾	2-3	3	2½	2½
" " 1933	2	1½	1½-1¾	1½	1-1	3½	3	2½
" " 1934	2	1½	1½	1½	1-1	1½	1	1½
" " 1935	2	1½	1½-1¾	1½-1¾	1-1	1½	1	1½
Nov. 20th, 1935	2	1½	1½	1½	1-1	1½	1	1½
Dec. 24th, 1935	2	1½	1½-1¾	1½-1¾	1-1	1½	1	1½

FOREIGN EXCHANGES

London on	Parity (prior to Sept. 21, 1931).	1933.	1934.	1935.			
		Dec. 20	Dec. 19	Nov. 27.	Dec. 4	Dec. 11	Dec. 18
New York—							
(a) Spot ...	\$4.866	5.06½	4.94½	4.93½	4.93½	4.92½	4.92½
(b) 3 Months	—	7c. dis.	½c. dis.	1½c. pm.	1½c. pm.	1½c. pm.	1c. pm.
Montreal ...	\$4.866	5.07½	4.89½	4.98½	4.98½	4.98	4.97½
Paris—							
(a) Spot ...	Fr.124.21	83½	74½	75½	74½	74½	74½
(b) 3 Months	—	35c. dis.	10½c. dis.	Fr.2½ dis.	Fr.2½ dis.	Fr.2½ dis.	Fr.1½ dis.
Berlin—							
(a) Official ...	Mk.20.43	13.76½	12.29	12.27½	12.27	12.24½	12.24
(b) Registered Marks	—	17½% dis.	39% dis.	47½% dis.	47½% dis.	46% dis.	48½% dis.
Amsterdam ...	Fl. 12.11	8.18	7.30½	7.29½	7.28	7.27½	7.26½
Brussels ...	Bel. 35	23.61	21.10	29.21	29.20	29.24½	29.18
Milan ...	Li. 92.46	62½	57½	—	—	—	—
Zurich ...	Fr. 25.22½	17.00	15.24	15.29	15.24	15.20	15.14½
Stockholm ...	Kr. 18.16	19.39	19.39½	19.39½	19.39½	19.39½	19.39½
Madrid ...	Ptas.25.22½	40½	36½	36½	36½	36	35½
Vienna ...	Sch.34.58½	29½	26½	26½	26½	26½	26½
Prague ...	Kr.164½	110½	118½	119½	119½	119	118½
Buenos Aires ...	47.62d.	35½	36½	15½	15½	15½	15½
Rio de Janeiro ...	5.89d.	4½	4½	4½	4½	4½	4½
Valparaiso ...	Pes. 40	54.10½	48.30½	125½	128½	124½	125½
Bombay ...	18d.	18½d.	18½d.	18½d.	18½d.	18½d.	18½d.
Hong Kong ...	—d.	17½d.	20½d.	17½d.	17d.	16½d.	15½d.
Kobe ...	24.57d.	1/2½	1/2	1/2	1/1½	1/2	1/2
Shanghai ...	—d.	15½d.	16½d.	14½d.	14½d.	14½d.	14½d.
Gold price ...	per oz.	126s. 9d.	140s. 9½d.	140s. 11d.	140s. 11½d.	141s. 2½d.	141s. 3d.
Silver price ...	per oz.	18½d.	24½d.	29½d.	29½d.	27½d.	23d.

* Nominal. † Official Rate. ‡ Kr.197.10, since devaluation of Kroner on February 17th, 1934.
 § Prior to January 14, 1935, rates represent pence per gold peso, henceforward paper pesos to the £.
 || Revalued on January 1st, 1935; export rate.

PUBLIC REVENUE AND EXPENDITURE

	1931-32.	1932-33.	1933-34.	1934-35.	1934-35 to Dec. 31	1935-36 to Dec. 31
REVENUE—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Income Tax	287.4	251.5	228.9	228.9	75.4	79.9
Sur-Tax	76.7	60.7	52.6	51.2	11.7	9.2
Estate Duties	65.0	77.1	85.3	81.3	59.5	65.1
Stamps	17.1	19.2	22.7	24.1	14.9	15.6
Customs	136.2	167.2	179.2	185.1	140.4	148.3
Excise	119.9	120.9	107.0	104.6	81.2	82.9
Motor Vehicles Duties (Exchequer Share)...	5.0	5.0	5.2	5.1	2.0	1.5
Other Tax Revenue ...	3.2	3.1	2.6	3.1	0.2	0.2
Total Tax Revenue ...	710.5	704.7	683.5	683.4	385.3	402.7
Post Office	11.5	10.9	13.1	12.3	11.3	11.7
Crown Lands	1.3	1.2	1.2	1.3	1.0	1.1
Receipts from Sundry Loans	13.8	5.1	4.7	4.4	3.3	3.6
Miscellaneous Receipts ...	33.9*	22.9	22.1	15.1	12.4	16.8
Total Non-Tax Revenue ...	60.5	40.1	41.1	33.1	28.0	33.2
Total Ordinary Revenue ...	771.0	744.8	724.6	716.5	413.3	435.9
Post Office	58.0	59.3	59.3	61.8	44.0	47.5
Road Fund	22.5	22.9	25.5	26.4	10.5	9.0
Total Self-balancing Revenue ...	80.5	82.2	84.8	88.2	54.5	56.5
EXPENDITURE—						
National Debt Interest ...	289.5	262.3	212.9	211.6	180.5	179.0
Payments to N. Ireland ...	6.3	7.0	6.6	6.8	4.0	3.9
Other Cons. Fund Services ...	3.1	3.3	4.1	3.6	2.5	2.6
Post Office Fund	—	—	—	2.3	2.3	1.1
Supply Services	439.2	458.3	458.8	472.2	334.4	363.3
Total Ordinary Expenditure ...	738.1	730.9	682.4	696.5	523.7	549.9
Sinking Fund... ..	32.5	17.2	7.7	12.3	—	—
Payments to U.S. Govt. ...	†	29.0	3.3	—	—	—
Self-balancing Expenditure (As per contra)	80.5	82.2	84.8	88.2	54.5	56.5

* Includes Appropriation from Rating Relief Suspense Account.

† Included under National Debt Interest.

PRODUCTION

				Coal.	Pig-Iron.	Steel.
				Tons mill.	Tons thous.	Tons thous.
Total 1913	...	...	...	287·4	10,260	7,664
" 1925	...	...	...	243·2	6,262	7,385
" 1929	...	...	...	257·9	7,589	9,636
" 1930	...	...	...	243·9	6,192	7,326
" 1931	...	...	...	219·5	3,773	5,203
" 1932	...	...	...	208·7	3,574	5,261
" 1933	...	...	...	207·1	4,136	7,024
" 1934	...	...	...	221·0	5,979	8,860
Total to November, 1934	...			202·3	5,465	8,205
Total to November, 1935	...			203·3	5,863	9,031

BOARD OF TRADE PRODUCTION INDEX NUMBER
(1930 = 100)

				1934.			1935.		
				Year.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.
Mines and Quarries	...	...	...	90·8	84·4	94·7	95·5	87·4	85·8
Iron and Steel	...	...	...	115·7	110·6	116·4	121·9	123·2	124·1
Non-Ferrous Metals	...	...	...	122·7	127·5	145·4	142·2	138·4	136·6
Engineering and Shipbuilding	...			94·0	92·5	102·4	105·7	103·6	102·4
Building Materials and Building	...			135·3	143·6	138·1	138·0	151·4	155·6
Textiles	...	...	...	113·3	107·1	116·7	119·0	116·8	113·6
Chemicals, Oils, etc.	...	...	...	104·6	102·4	105·0	109·3	108·8	109·0
Leather and Boots and Shoes	...	...	...	104·5	96·2	107·1	116·8	115·2	109·7
Food, Drink and Tobacco	...	...	...	101·8	101·3	107·2	98·2	107·3	108·4
Total*	...	...	...	106·1	103·2	111·9	113·1	111·5	110·8

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

NOTE.—The previous figures have been revised.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	1935.
End of—								
January	10.7	12.3	12.4	21.5	22.4	23.1	18.6	17.6
February	10.4	12.1	12.9	21.7	22.0	22.8	18.1	17.5
March	9.5	10.0	13.7	21.5	20.8	21.9	17.2	16.4
April	9.5	9.8	14.2	20.9	21.4	21.3	16.6	15.6
May	9.8	9.7	15.0	20.8	22.1	20.4	16.2	15.5
June	10.7	9.6	15.4	21.2	22.2	19.4	16.4	15.4
July	11.6	9.7	16.7	22.0	22.8	19.5	16.7	15.3
August	11.6	9.9	17.1	22.0	23.0	19.1	16.5	14.9
September	11.4	10.0	17.6	22.6	22.8	18.4	16.1	15.0
October	11.8	10.3	18.7	21.9	21.9	18.1	16.3	14.6
November	12.2	10.9	19.1	21.4	22.2	17.9	16.3	14.6
December	11.2	11.0	20.2	20.9	21.7	17.5	16.0	

(b) Actual Numbers Unemployed (in thousands)

	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Nov., 1934.	Mar., 1935.	Oct., 1935.	Nov., 1935.
Number of Insured Persons unem- ployed—								
Wholly unemployed	920	2,129	2,205	1,814	1,724	1,727	1,575	1,598
Temporarily stopped	200	427	511	317	314	324	243	226
Normally in casual employment ...	84	104	105	94	84	92	84	82
Total... ..	1,204	2,660	2,821	2,225	2,122	2,143	1,902	1,906

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 51 Weeks			
	Dec. 23, 1934.		Dec. 22, 1935.		1934.		1935.	
	Pas- sengers.	Goods.	Pas- sengers.	Goods.	Pas- sengers.	Goods.	Pas- sengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0.8	1.2	0.8	1.2	10.4	14.3	10.4	14.4
London & North Eastern* ...	1.2	2.4	1.2	2.5	15.8	27.9	16.1	27.8
London Midland & Scottish ...	1.9	3.0	1.7	3.2	24.3	34.7	24.5	35.2
Southern ...	1.1	0.4	1.0	0.4	14.8	4.9	15.2	4.7
Total... ..	5.0	7.0	4.7	7.3	65.3	81.8	66.2	82.1

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Nov., 1932.	Nov., 1933.	Nov., 1934.	Oct., 1935.	Nov., 1935.
By CATEGORIES : Great Britain	%	%	%	%	%
Total	- 1.9	+ 2.8	+ 3.9	+ 7.4	+ 7.0
Food and Perishables	- 3.0	+ 1.5	+ 3.6	+10.2	+ 9.6
Other Merchandise of which					
Piece-goods*	- 6.4	- 0.1	- 1.0	- 2.2	- 1.0
(i) Household Goods	—	+ 0.9	- 0.4	- 5.2	+ 2.3
(ii) Dress Materials... ..	—	- 0.7	- 1.8	- 0.9	- 1.6
Women's Wear*	+ 1.5	+ 5.7	+ 3.9	+ 4.4	+ 2.2
(i) Fashion Departments ...	+ 2.3	+ 8.9	+ 4.8	+ 5.2	+ 6.5
(ii) Girls' & Children's Wear	+ 0.8	+ 3.2	+ 2.4	+ 4.7	+ 1.4
(iii) Fancy Drapery... ..	+ 0.7	+ 3.8	+ 3.8	+ 4.0	- 1.2
Men's & Boys' Wear	- 1.1	+ 5.9	+ 5.3	+10.3	+ 1.3
Boots & Shoes	- 7.1	+ 1.9	+ 6.5	+ 6.9	+11.3
Furnishing Departments ...	+ 1.5	+ 4.6	+ 5.7	- 1.7	+ 7.6
Hardware	+ 4.0	+ 6.3	+ 0.2	+ 0.7	+ 7.7
Fancy Goods	+ 3.3	+ 4.1	+ 3.6	+ 3.6	+ 6.3
Sports and Travel	- 0.1	- 1.3	+ 0.7	+ 5.6	+10.0
Miscellaneous and Unallocated	- 0.8	+ 0.1	+ 5.9	+11.0	+ 6.0
By AREAS—					
All Categories—					
Scotland	- 6.3	+ 2.6	+ 5.7	+ 5.1	+ 5.1
Wales & North of England ...	- 4.5	+ 1.3	+ 4.0	+ 7.6	+ 7.2
South of England	- 1.0	+ 4.0	+ 4.1	+10.2	+ 8.1
London, Central & West End	+ 3.2	+ 3.4	+ 1.9	+ 2.0	+ 3.3
London, Suburban	+ 1.7	+ 3.2	+ 4.2	+ 8.9	+ 8.8

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	IMPORTS.				EXPORTS.			
	Food.	Raw Materials.	Manufactured Goods.	Total.	Food.	Raw Materials.	Manufactured Goods.	Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1925	47.5	35.4	26.6	110.1	4.6	7.0	51.4	64.4
1929	44.6	28.3	27.9	101.7	4.6	6.6	47.8	60.8
1930	39.6	20.9	25.6	87.0	4.0	5.3	36.7	47.6
1931	34.7	14.4	21.8	71.8	3.0	3.9	24.3	32.6
1932	31.1	13.7	13.1	58.5	2.7	3.6	23.0	30.4
1933	28.4	15.0	12.6	56.3	2.4	3.8	23.4	30.6
1934	28.9	17.5	14.3	61.0	2.5	4.0	25.4	33.0
November, 1934 ...	32.5	16.7	15.2	64.7	3.0	4.3	27.4	36.1
November, 1935 ...	34.4	19.7	16.9	71.5	3.8	5.1	29.3	39.4

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manufactures.
Monthly Average—	(thous. cwt.)	(thous. tons)	(thous. cents of 100 lbs.)	(thous. cents of 100 lbs.)	(thous. cwt.)	(thous. tons)	(thous. cents of 100 lbs.)	(thous. tons)
1925	8,071	373	1,578	606	155	103	163	227
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,554	392	1,054	659	116	187	395	114
November, 1934 ...	8,120	429	999	476	140	203	483	104
November, 1935 ...	9,873	422	1,696	606	180	209	218	77

SOME LEADING EXPORTS

	Coal.	Iron and Steel.	Machinery.	Cotton Yarns.	Cotton Piece-Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1925	4,235	311	43	11.3	370	11,015	3,492	1,481
1929	5,022	365	47	11.8	306	9,016	3,490	1,991
1930	4,573	263	40	11.1	201	6,587	2,893	1,602
1931	3,563	165	27	11.4	143	4,694	2,479	1,429
1932	3,242	157	25	13.9	183	4,461	2,358	2,246
1933	3,256	160	23	15.8	169	5,110	2,741	2,821
1934	3,305	188	28	10.9	166	5,745	2,773	2,909
November, 1934 ...	3,318	220	31	10.6	172	4,998	2,206	3,195
November, 1935 ...	3,496	216	33	12.4	158	5,584	3,166	3,530

PRICES

1. WHOLESALE PRICES

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
Average 1913 ...	115.8	101.1	111.1	112.0	91.9
1925 ...	177.9	152.3	154.1	148.9	130.2
1929 ...	150.9	139.4	141.3	146.0	126.1
1930 ...	129.3	125.1	124.3	125.0	103.8
1931 ...	107.7	103.5	105.5	103.5	101.9
1932 ...	103.5	89.3	92.0	93.1	88.7
1933 ...	103.5	93.7	87.7	86.6	85.7
1934 ...	106.4	111.1	83.1	84.2	90.4
End November, 1934...	105.5	114.6	79.0	85.1	93.0
" October, 1935...	113.2	123.2	79.1	107.4	94.6
" November, 1935...	113.6	122.5	79.8	—	94.7

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (cost of living)

Date.	Food.	Rent (including Rates).	Clothing.	Fuel and Light.	Other Items included.	All Items included.
End of 1925 ...	71	48	125	80-85	80	75
1929 ...	57	52	115	75	80	66
1930 ...	38	54	105	75	75	53
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70-75	70-75	42
1933 ...	24	56	85	70-75	70-75	42
1934 ...	25	56	85-90	70-75	70-75	43
End Nov., 1934...	27	56	85-90	70	70-75	44
" Oct., 1935...	31	56	85	70	70	47
" Nov., 1935...	31	56	85	70	70	47

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton s. d.	per lb. d.
Average 1913 ...	36 10	—	7.01	29.1 $\frac{1}{2}$	58 1 $\frac{1}{2}$	—	36 $\frac{1}{2}$
1925 ...	66 4 $\frac{1}{2}$	12 9	12.65	54.1 $\frac{1}{2}$	72 9 $\frac{1}{2}$	261.1 $\frac{1}{2}$	34.1 $\frac{1}{2}$
1929 ...	54 0 $\frac{1}{2}$	9 0 $\frac{1}{2}$	10.29	38 $\frac{1}{2}$	70 4 $\frac{1}{2}$	203.1 $\frac{1}{2}$	10.1 $\frac{1}{2}$
1930 ...	40 1 $\frac{1}{2}$	6 7	7.44	26 $\frac{1}{2}$	67 0	142 $\frac{1}{2}$	5.1 $\frac{1}{2}$
1931 ...	28 2 $\frac{1}{2}$	6 4 $\frac{1}{2}$	5.08	23.1 $\frac{1}{2}$	58 7	118 $\frac{1}{2}$	3.1 $\frac{1}{2}$
1932 ...	30 6 $\frac{1}{2}$	5 9 $\frac{1}{2}$	5.29	22.1 $\frac{1}{2}$	58 6	136.1 $\frac{1}{2}$	2.1 $\frac{1}{2}$
1933 ...	28 2	5 4	5.53	28.1 $\frac{1}{2}$	62 3	194.1 $\frac{1}{2}$	3.1 $\frac{1}{2}$
1934 ...	30 11	4 8 $\frac{1}{2}$	5.66	30.1 $\frac{1}{2}$	66 10 $\frac{1}{2}$	230	6.1 $\frac{1}{2}$
Nov., 1934 ...	31 9	4 1	6.89	24 $\frac{1}{2}$	67 6	228.1 $\frac{1}{2}$	4.1 $\frac{1}{2}$
Oct., 1935 ...	36 9	4 10 $\frac{1}{2}$	6.44	30 $\frac{1}{2}$	67 6	227.1 $\frac{1}{2}$	6.1 $\frac{1}{2}$
Nov., 1935 ...	35 4	5 0	6.62	31	69 0	226.1 $\frac{1}{2}$	6.1 $\frac{1}{2}$



LLOYDS BANK

LIMITED

*Executor and
Trustee Dept.*

If friends or relations are appointed Executors or Trustees, there can be no certainty that they will be alive or available when the time arrives for them to act. There can be no such doubt if Lloyds Bank is appointed.

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